

**PRELIMINARY ASSESSMENT OF THE SCATTERED FARM  
DEVELOPMENT PROGRAMME IN HUNGARY**

**PRELIMINARIILE EVALUĂRII DEZVOLTĂRII FERMELOR  
DISPERSATE**

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*The present paper offers a brief preliminary assessment of the tenders submitted for the Scattered Farm Development Programme invited in August 2011. Within the framework of this, a statistical analysis was prepared based on basic data about the successful tenders, and a series of semi-structured interviews was conducted with professionals engaged in the topic and committed to the problem of farms. Both in the opinion of the interviewees and according to our own notion, the Farm Development Programme is one of the most important milestones in the Hungarian rural development. Partly resulting from its objectives, which focuses on saving a type of settlement regarded as a Hungaricum, and partly because it may be regarded as the first national value-added to the support schemes under the CAP.*

**Keywords:** *scattered farms, rural development, Hungary*

## **1. INTRODUCTION**

Considering the evolution and the original functions of the farms, they should be regarded as a special Hungarian settlement type essentially determining the image of the Great Plain for centuries. At the time of their evolution, these dispersed settlements came into existence as agricultural settlements and enabled the use of the land on the Great Plain, which has become depopulated after the Ottoman administration, first through livestock farming and later crop production.

By the 1930s the number of people living on farms on the area of the Great Plain was approximately 750-800 thousand (Becsei, J. 1990). This period was the Golden Age in the history of these dispersed settlements. By the mid-1990s the number of their inhabitants was estimated to only 150-200 thousand (Miltényi, K. 1997). In the early nineties of the previous

century, following the transformation, many believed that the new holding structure evolving as a consequence of the compensation should mean an excellent basis for the regeneration of the productive farming in the rural areas, and thus for the renewal of the scattered farm system (Molnár, M. 2006) – since whoever demanded received their lands back in addition to their farms. This new “heyday”, however, did not come spontaneously due to complex reasons. The situation was further worsened by the fact that due to the particularities of the Hungarian electoral system, those who live on scattered farms hardly got into municipal bodies, and thus their enforcement capability and lobbying power remained minimal both on the local and national levels (Bódi, F. 2004). The issue of the situation of the areas with scattered farms representing a peculiar “subtype” among the Hungarian rural regions, and their development prospects appeared only in the EU rural development plans – and even only marginally in the early 2000s.

Following the EU accession of Hungary in 2004, a comprehensive research, entitled “Scattered Farm Research 2005”, was organised on the area of the Danube-Tisza Interfluvium in the spirit of preparation for the planning period 2007-2013. As a result of the research involving 26 000 scattered farms, the types of dispersed settlements and the processes taking place in the outskirts were successfully identified. However, the outcomes and proposals drawn up in the research entitled “Scattered farm research 2005” were filed, and no substantive actions were yet taken for the improvement of the situation of the population on the scattered farms. Following the change in government in 2010, nevertheless, the process of the elaboration of the act on scattered farms began based – among many – on this work. Now, in 2011 the Ministry of Rural Development announced that it launches a Scattered Farm Development Programme for the improvement of the situation of the farmers living on scattered farms utilising a budgetary resource of approximately 1 billion HUF – for which a proposal has been already drawn up in the “Scattered Farm Research 2005”. If we take a glance at the very brief introduction to the scattered farm system outlined above, then we can see that after the golden age of the scattered farms in the 1930s these were the first substantive actions taken for the conservation of this “world”. The importance and novelty of the tender is also marked by the fact that it was the first financial resource for the rural areas and the agricultural sector ensured by national subsidies after our EU accession in 2004. In fact, this is the first element of the Hungarian

“value-added” to the CAP funding, and this is the first strategic goal presented as a national objective in the present subvention system.

## **2. DETAILS OF THE SCATTERED FARM DEVELOPMENT PROGRAMME**

The aim of the Scattered Farm Development Programme is to improve the situation of the scattered farms keeping their original functions and of the dispersed settlements in general on various areas, including market access, accessibility, potable water and energy supply, and the development of the farm caretakers network. Through this programme the government intends to promote the survival of the scattered farm system which offers plenty of environmental, economic and social advantages. These objectives are in harmony with the relevant parts of the New National Rural Strategy put up for public debate last year whose most important novelty in the approach was that it brought the regional developments to the fore replacing the former sectoral approach, inter alia, the development of the scattered farm regions.

The tender system of the Scattered Farm Development Programme in principle is separated into two target areas. The first target area was aimed at the development of the settlement and regional level developments, and ensured a higher amount of resources (200.000 euro, 90% support) for municipalities (their non-profit companies or enterprises), regional associations, civil and representative associations.

The second target area was made available for individual farmers. Here, the invitation to tender allowed wide-scale development opportunities. The eligible fund was 7 500 euro in the case of the de minimis subsidy form with a maximum 75% financing level.

The programme covered a region of 206 settlements, which were qualified as farms by the methodology of the National Spatial Development Concept for the Great Plain, that is the ratio of the population in the outskirts reached at least 2% and the number of those living in the outskirts reached at least 200.

The conditions of the tender were published by the Decree of the Minister of Rural Development (No. 81 of 2011) in August 2011. The tenders were to be principally submitted online in September in electronic forms provided on the website of the operating structure (Rural Development Educational and Advisory Committee). The applications

received were evaluated and the first contracts were concluded in November and December 2011.

### **3. METHODS AND DATABASE**

The raw data of the successful tenders are public and accessible on the website of the operating structure. This database, containing relatively few data, unfortunately does not allow deep analysis. The present analysis, therefore, is limited to only some simple statistical and regional statistical breakdowns.

In addition, in January 2012 – immediately after the contracting period – a series of semi-structured interviews were conducted on behalf of the RDEAI. Fifteen interviewees replied the questions, stating in detail their remarks about the period that has passed so far and their proposals concerning future tenders. The interviewees were professional experts, who work on the regional-settlement target areas encouraging the renewal of the dispersed settlements for decades, local decision-makers and mayors.

In the course of the semi-structured interviews, the aim was to select the interviewees in a way to have all scattered farm zones designated by the programme – regions of the Homokhátság, Nyírség, Hajdúság and Békés – represented.

## **4. THE MAIN RESULTS**

### **4.1 STATISTICAL AND SPATIAL ANALYSIS**

The titles of the Scattered Farm Development Programme were allocated a total of 825 million HUF by the decision-makers. The demands greatly differed from the preliminary indication of the resource and significantly exceeding this amount. (Table 1.)

The contracting shop believed that the most important objective would be market access for the farm products, while the claimants, however, mostly brought the solution of the problem of dirt roads to the fore. This is not surprising since in our opinion the issue of accessibility is essential from the aspect of conserving the farmlands both for the living conditions and for carrying out economic activities. In the course of the decision-making, some resources were transferred between the titles different from the preliminary indication but this did not substantially modify the proportions. It may be seen, therefore, that one of the weak points of the invitation to tender was the preliminary indicative resource

allocation to which the experts interviewed also called our attention during the interviews. Unfortunately, due to the limited scope of data made public we do not even know as much about the purposes of the call of Objective 2. Thus, only a regional analysis has been conducted related to the total scope of the successful tenders. In the course of this, we examined the winners with respect to their location and number on the target area (on the 206 settlements designated). In the case of the tenders belonging to Objective 1, three spatial centres of gravity were distinguished: firstly, Kecskemét and Felső-Kiskunság region, secondly, the southeastern part of the Homokhátság region nearby Mórahalom and Szeged, and thirdly, the environs of Debrecen, Hajdúböszörmény and Nyíregyháza in the Northern Great Plain Region.

Table 1. The subsidies claimed and approved

The aims of the subsidies	Indicative resource (%)	Claims (mill. Ft)	Claims (%)	Approved subsidies (mill Ft)	App. subs. (%)
Repairing of dirt roads 2.§ (3) b)	54 %	1043	40,97%	117	12,5%
Market access for farm products 2.§ (3) a)	11 %	750	29,47%	519	53,5%
Farm support 2. § (4)	22 %	635	24,92%	221	22,8%
Using renewable energy sources on farms 2.§ (3) c)	4 %	72	2,84%	72	7,5%
The development of farm caretakers services 2.§ (3) e)	5 %	36	1,42%	31	3,2%
Small region development programme for farms 2.§ (3) f)	3 %	7	0,28%	7.5	0,74%
Healthy drinking water supply on farms 2.§(3) d)	1 %	2.5	0,10%	2.5	0,26%
<b>Total:</b>	<b>100 %</b>	<b>2545.5</b>	<b>100,00 %</b>	<b>970</b>	<b>100,00 %</b>

The regional distribution of the aid amounts shows a slight difference from the number of tenders. The reason for this is that with a large-scale successful project even a smaller municipality could get access to considerable proportions from the available sources. These settlements included, for example, Zsana, Ruzsa, or Szabadszállás and Kunszentmiklós in the Felső-Kiskunság region. As for the legal status of the settlements, 53% of the aids granted in Objective 1 were allocated to towns (totalling

approximately 395 million HUF). The winners of the individual farmers' tenders (Objective 2) are to be found on the area of the old market towns with extensive outskirts (e.g. Kecskemét, Békéscsaba, Gyula, Debrecen, and Hódmezővásárhely), and in their neighbouring villages. From the resources totalling 221 million, the villages received 114 million which is less than 50%.

As a support for rural development, it is not irrelevant to look at the tendering activity and the allocation of resources by settlement size categories. The settlements with less than 2 000 inhabitants – if on a minimum level only – had a share from the resources granted above the proportion of the tenders received, while the opposite is true for the category representing 2 001-5 000 inhabitants. Most support was won by tenderers from settlements with 5 001-10 000 inhabitants (33%), which settlement type typically means the small towns in Hungary. The promotion of the development of these settlements and the intensification of their role to integrate the rural areas are very important tasks. Nevertheless, it might be questioned why the framework of a Scattered Farm Development Programme is chosen for this purpose. It is emphasised here, in particular, because many of the tenders of Objective 1 seemed explicitly of a settlement development character (e.g. renewal of local markets and their environs).

#### **4.2 RESULTS OF THE INTERVIEWS**

According to the interviewed prominent actors, the tenders of the Scattered Farm Development Programme may be regarded as a milestone in the national rural development. The currently running first phase seems very successful in every respect. The tender itself and its execution and procedure were considered very positive by all interviewees.

The unanimous opinion of the interviewees was that the tender focusing on the development of scattered farms is a very important initiative both from the aspect of the national agricultural sector and the rural development and environmental sustainability. All of the interviewees especially emphasised that the tender allows correcting irregularities which may contribute to the survival of the scattered farm system thus improving the opportunities for rural farming, the living conditions of the inhabitants and their equal opportunities, the state of the cultural landscapes and the quality of the environment.

The experts considered it very important that the central decision-makers recognised that in the case of the development of the scattered farms not only the infrastructural development should be focused on but also the strengthening of the local economy and the human developments – “infrastructure is not a bit of use without the traditional knowledge and the human factor”. Some experts remarked that “The issuers took into consideration the everyday requirements of the certain target groups and the proposals made formerly – in this respect the details were also well-considered, and the tender serves community purposes meeting real needs.”

Some of the interviewees stood positive in their opinion that the reconsideration of resource allocation would be important. Many – from the aspect of the utilisation of the tender – found it very important to significantly increase the fund available for the development of scattered farms, and to decrease the ratio of the resources provided by the municipalities, especially in the case of the Objective concerning the market access of the farm products. The vast majority think that the latter was an “overestimated” (“over-supported”) Objective in the first invitation to tender. The market access of the local products is regarded a cardinal issue by all respondents but many think that “the operation of local small markets in the current situation is scrupulous” – “it is not really the task of the municipalities but rather of the entrepreneurs”. Moreover, in many cases “it might even be the problem that there are not enough local products and it has to be transported to the local market from somewhere else”. In general, the respondents thought that the market organisation is the duty of the national agricultural policy whose solution depends not only on the support instruments but also on administrative regulators.

The interviewees also proposed new objectives from which it is worth to mention the “promoting security in the outskirts” which relates closely both to the living and farming functions of the scattered farms.

In the case of the tenders for Objective 2, the 50% agricultural share of turnover was an important precondition. According to the experts, this criteria excluded a considerable number of potential tenderers since the agricultural subsidies could not be included in the agricultural turnover when calculating this indicator. All respondents found it necessary to change that in the future. The proposal to introduce opportunities for preferential pre-funding also affected the individual tenders which would

create prospects for those families lacking capital who consider their long-term livelihood in farming but have no own contribution at all.

## 5. SUMMARY

The tender related to the Scattered Farm Development Programme is indeed the first substantive step for the conservation of the scattered farm regions. The tender was exceptionally popular both among the municipalities and the individual farmers. Moreover, it became also doubtless that the tendering resources proved to be scarce, and the amounts of subsidisation were insufficient to meet the demands of the two Objectives. Perhaps this could be taken as the most often criticised point during the interviews. This problem – though the global amounts for tenders are expected to grow in 2012 – calls attention to the necessity of the concentration of the resources in general, and the strengthening of the complexity of the developments in rural development.

## 6. REFERENCES

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